

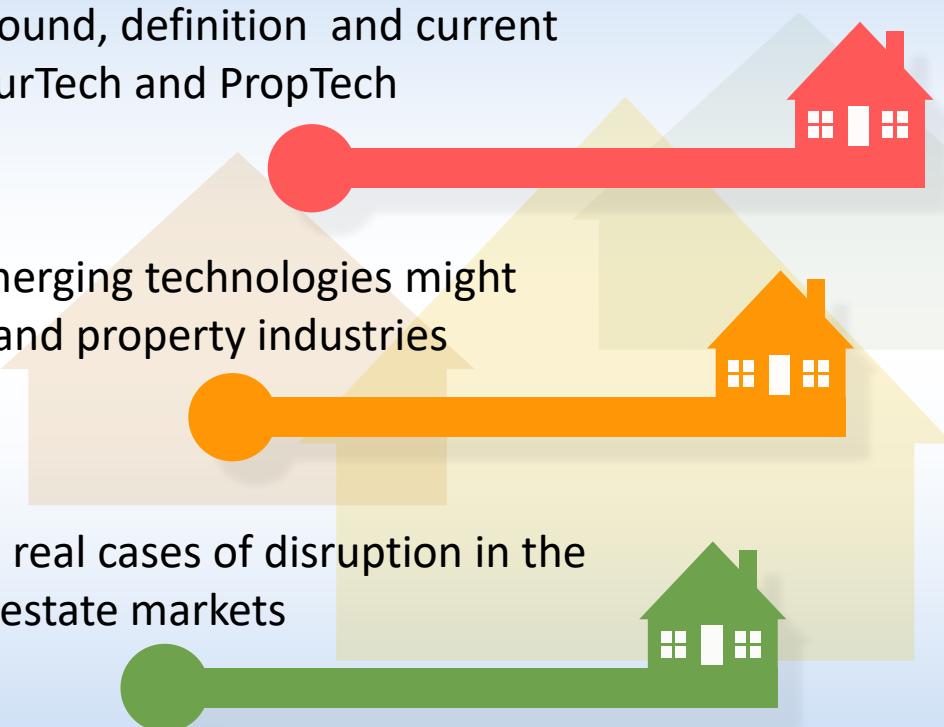
# InsurTech and PropTech

Topic 8 AFIN8014 FinTech and Innovation



## Learning Objectives

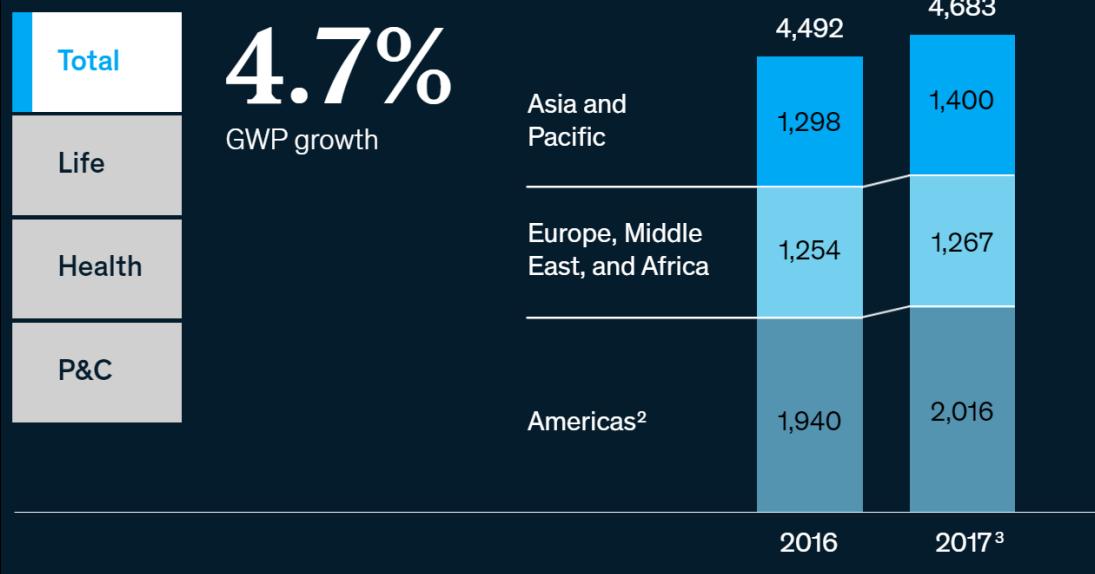
- Examine the background, definition and current development of InsurTech and PropTech
- Discuss how key emerging technologies might reshape insurance and property industries
- Analyze trends and real cases of disruption in the insurance and real estate markets



# Global Insurance Industry

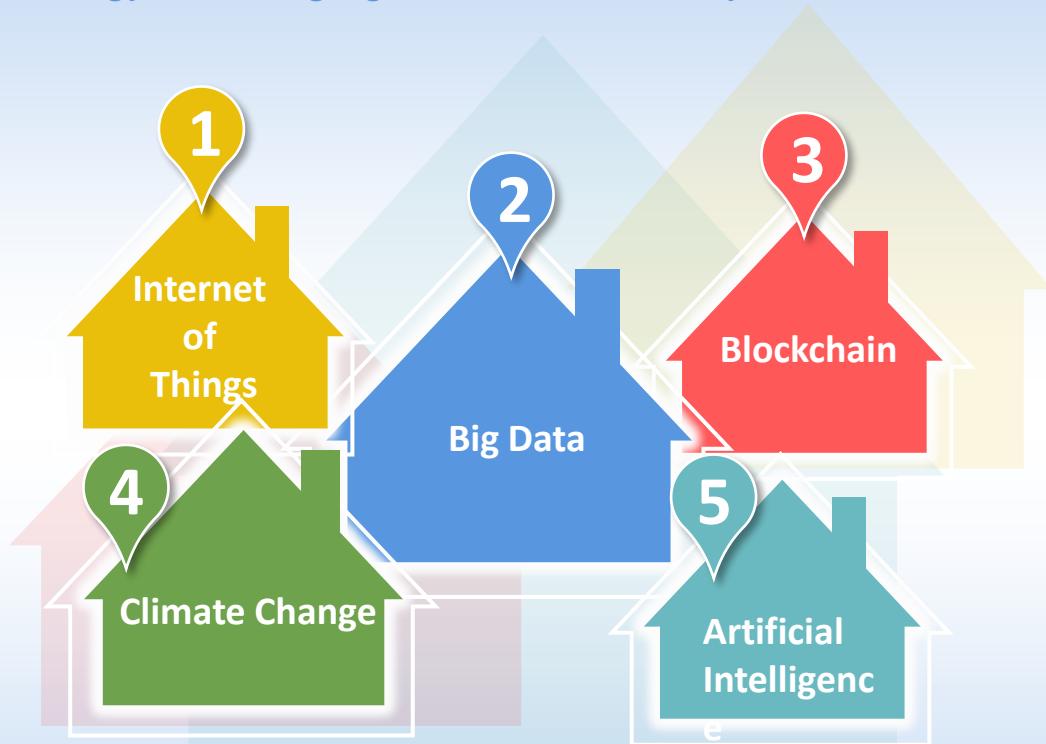
The global insurance industry, led by life and P&C, increased growth in 2017.

Premiums, €, billions<sup>1</sup>



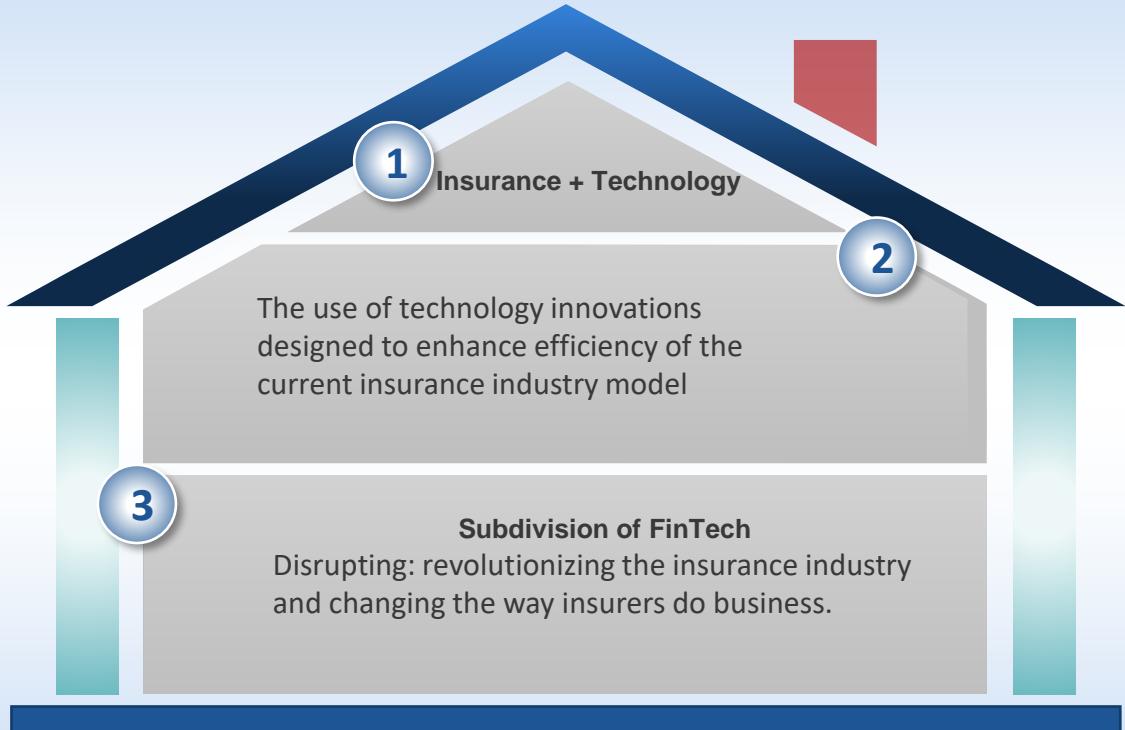
Source: Mckinsey, "2019 global insurance trend and forecast"

# How Technology is Changing Insurance Industry

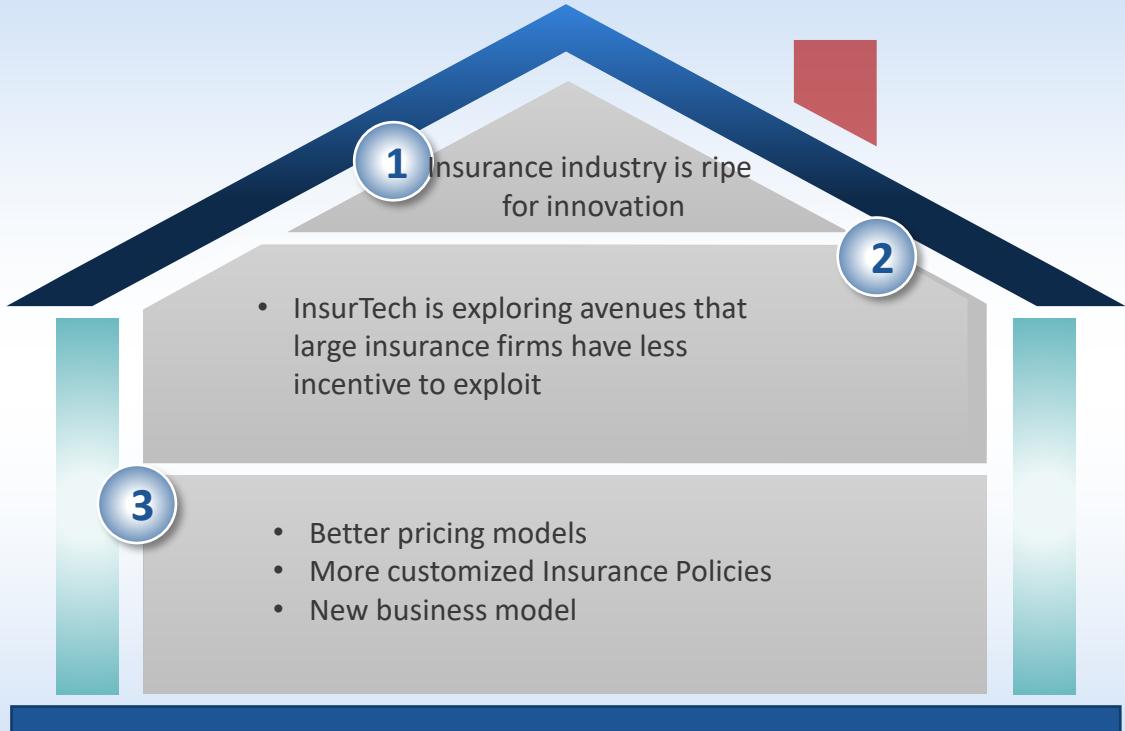


Technology-led disruption: opportunities on increase efficiency and new markets

# What is InsurTech?

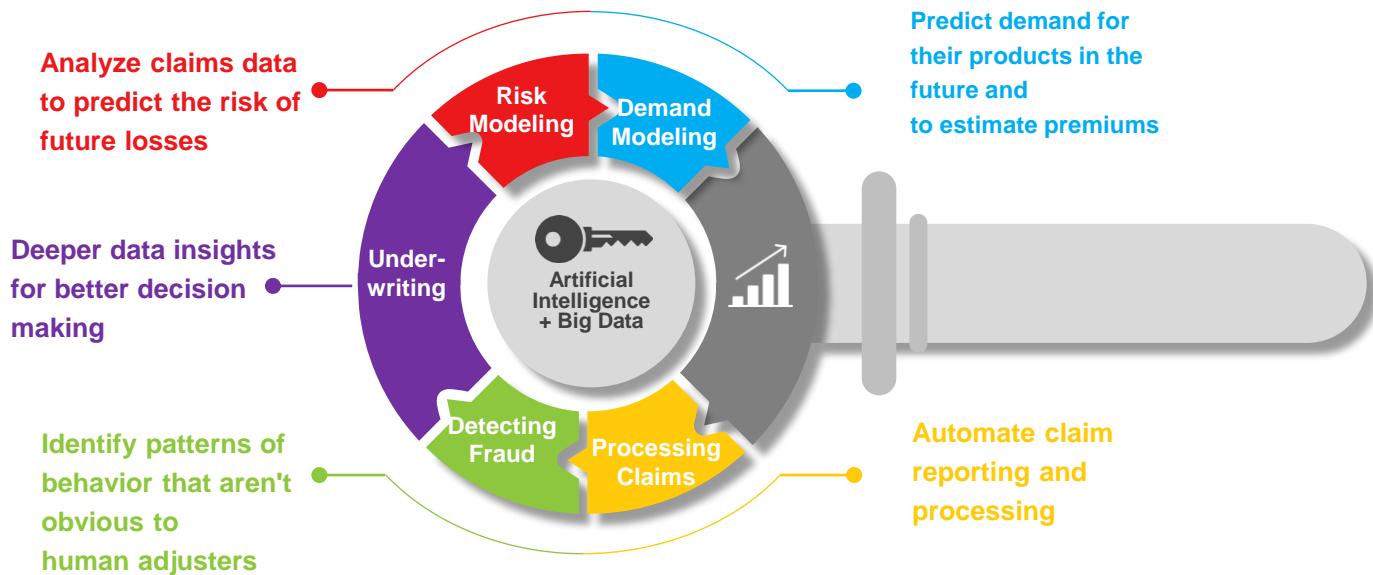


# Why InsurTech?



# Key Emerging Technologies

**Fact:** Some insurance companies amass large amounts of data, yet most insurers use only 10 to 15% of the data they collect (National Association of Insurance Commissioners, US)

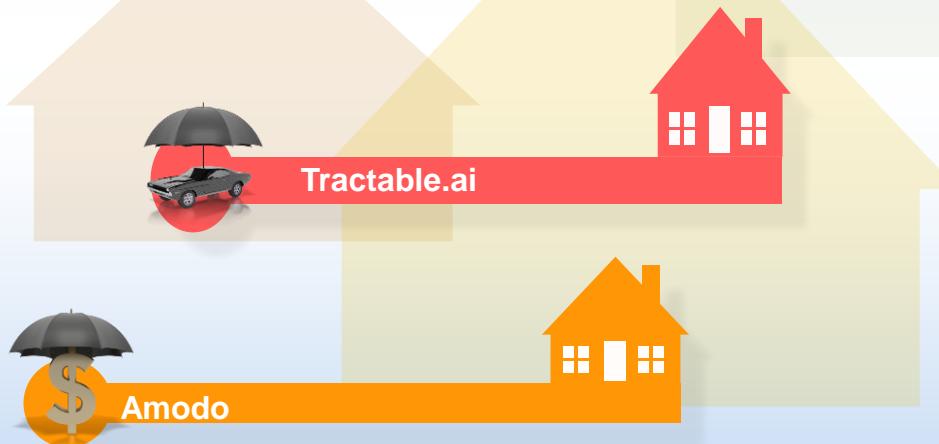


# The Focus of InsurTech

## InsurTech

- New tech disrupting norms
  - New entrants from other sectors
  - New models for emerging ecosystems
- Focus →
- Increasing personalization
  - Speedy and higher efficiency of services
  - Using AI to offer deeper data insights
  - A fundamental redesign of traditional value chains

## Cases



Source: Ernst & Young, "Global Insurance Trend Analysis 2018"

# Tractable.ai



- Founded in 2014
- Changing how car insurance companies handle accident claims
- Applying AI to accident and disaster recovery
- Looks at the asset damage and predicts repair costs from photos in real time
- Claims can be settled faster: from weeks to minutes
- Image recognitions: deep learning over 100 million images
- Being used by the largest insurance companies
- \$30M in venture capital investment

Source:

1. <https://www.forbes.com/sites/alisoncoleman/2019/07/09/four-insurtech-startups-shaking-up-the-insurance-industry/#586a44e329f4>
2. <https://tractable.ai/>

**AMODO**

SUMMARY FOR VEHICLE  
TIME PERIOD  
Month 2017 01.02 28.02  
TIME IN TRAFFIC  
H:M:S 43:57:46  
DISTANCE  
General info  
8191591 km  
-212545 km from last month  
AVERAGE SPEED  
69 km/h  
-2 km/h from last month  
TIME IN TRAFFIC  
15y 324d  
+74d 1h from last month  
OVERVIEW  
MY REPORT  
TRIPS  
VEHICLE  
ACHIEVEMENTS  
CHALLENGES  
INSURANCE  
FLEET  
ASSISTANCE  
DISTANCE  
8191591 km  
-212545 km from last month  
WEEKLY SCORES  
100 75 89 92 89  
4 km | 1 trips 1188 km | 30 trips 1042 km | 29 trips 1295 km | 41 trips 137 km | 30 trips  
30 - 05 Feb 2017 06 - 12 Feb 2017 13 - 19 Feb 2017 20 - 26 Feb 2017 27 - 05 Mar 2017

TRAVEL INSURANCE  
MTPA  
JO KAR  
KASKO BOOSTER  
76 DRIVING SCORE 8 KASKO BOOSTER FREE DAYS  
GOING ON A VACATION?  
BOOST YOUR KASKO WITH ROAD ASSISTANCE!  
START DRIVING  
AUTOMATICALLY TRACK MY TRIP?  
NO YES  
350 KM 56km/h 2:14h  
NEXT MISSION CITY ESCAPE!  
DON'T FORGET CAR SERVICE 24.07.2017  
GET DIRECTIONS  
Mark Anderson  
50.045 15%  
12/60 12:45  
8

# Amodo

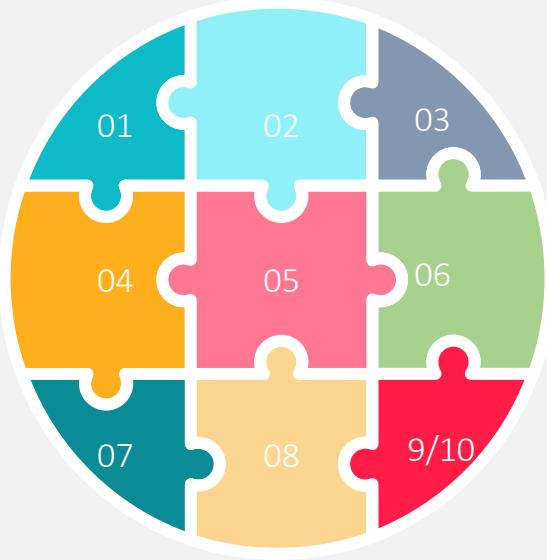
- Digital platform employing usage and behavioral data that helps insurers build direct digital channels and new products.
- Customer engagement and sales.

Source:

<https://www.amodo.eu/>

# InsurTech: 10 Trends

## KPMG 2019



The macro trends that are influencing the adoption and implementation of insurtech in the insurance market



01 | Digitize



02 | Ecosystems Rock



03 | A New Game



04 | Digital Risk Reduction



05 | Digital Customer Focus



06 | New Oil: Data



07 | Master AI Now



08 | Auto Insurance



09/10 | Skill Up



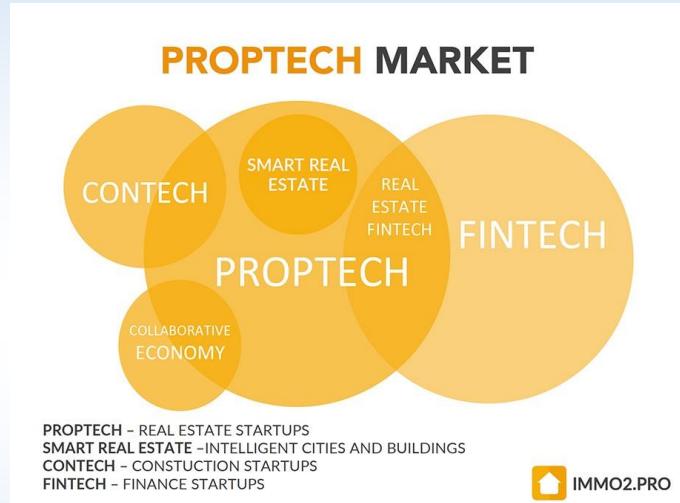
- Insurance
  - **Highly regulated** industry with many layers of legal baggage
- Technology
  - Reliable and accurate?
    - Skimping on underwriting basics
    - A better pricing model leads to a better price?
    - More automated claims result in more frauds?

# PropTech

Technologically innovative products or new business models for the real estate markets

## PropTech Startups

- Innovative tools to enhance services and/or productivity of real estate professionals
- New business models to replace real estate professionals



# Background of Real Estate Tech

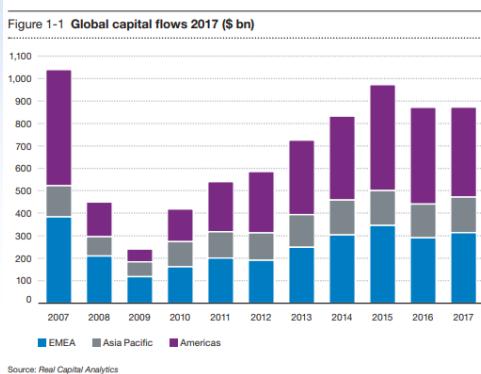


Table 2-2 Venture capital investment in proptech

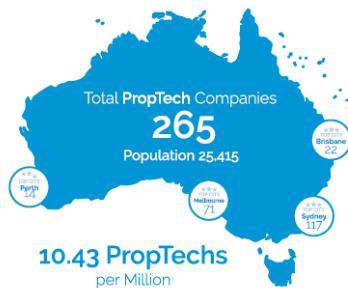
Year	Amount raised (\$m)	Deals
2011	186	40
2012	218	70
2013	446	105
2014	1,142	170
2015	1,714	191
2016	2,600	277
2017 (estimate)	3,400	n/a

Source: CB Insights

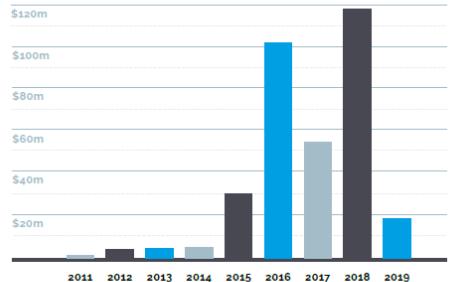
“As an industry, we are not as vulnerable to disruption as other sectors of the economy. On the contrary, it is unlikely that apartments will be replaced by digital products. But we can use digital products ourselves and offer them in addition to the apartment to customers. And by building houses using modules that are produced in the factory and only installed on site, we can quickly realize cost-effective new construction in existing neighborhoods.”

# PropTech in Australia

PropTech per Capita & Top Cities



PropTech Funding



Total **\$339.01 million**

PropTech Lifecycle



PropTech Business Type



PropTech Sector Breakdown



# PropTech: Residential Sector



Maintains a pricing system and data availability industrially

Commission structure is resistant to change

Residential transactions: inspection, title services, evaluations and an appraisal.

Technology is disintermediating brokers





The New York Times

"Moving as simple as the click of a button!"

Forbes

"Changing the way Americans live and sell!"

REVIEWS.io

4.55

FORTUNE

"Fast offer price within minutes!"

WSJ

"Take the headache out of selling!"

## Why Opendoor is better

### Selling to Opendoor

VS

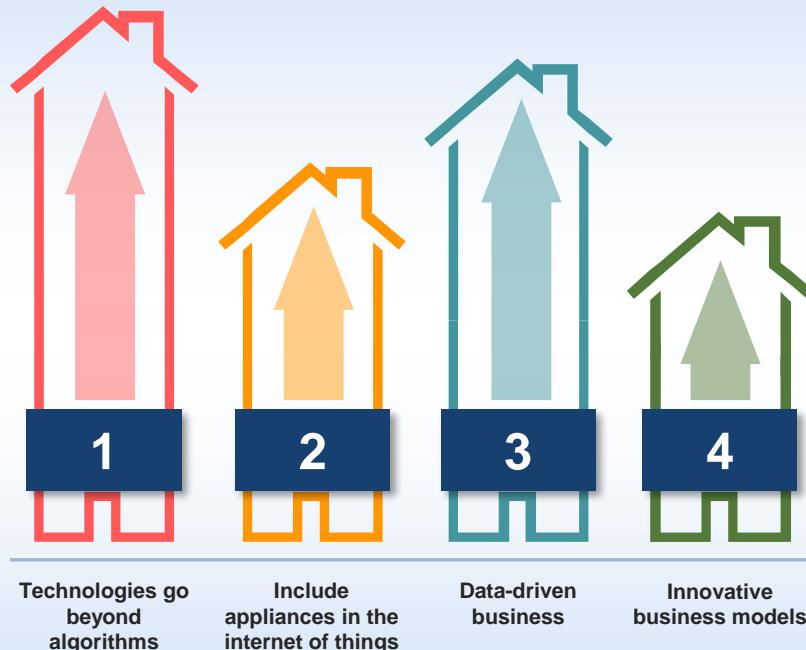
### Traditional home sale

- |   |   |                                      |
|---|---|--------------------------------------|
| Competitive cash offer in 24 hours        | ✓ | Risk of buyer financing fall-through |
| No listing, prep work, or showings        | ✓ | Hours of prep work and home showings |
| Skip the repair work and deduct the costs | ✓ | Manage repairs yourself              |
| Choose any close date from 10-60 days     | ✓ | Uncertain closing timeline           |

# Open Door Residential Sector

- An US PropTech Startup
- Using data and algorithms to value homes
- 6.4% service charge to sellers (traditional 7-10%)
- \$1Billion funding including \$400mm from SoftBank
- Valuation? \$1 billion

# PropTech: Commercial Sector



# Equiem Commercial Sector



"Equiem's Life at IQI platform has helped us connect IQI to the broader Stratford area, significantly improve communication, simplify management of facilities, and build a world-class experience for our customers. It has further enhanced IQI's attractiveness as a workplace for leading companies."

Gilbert Yale  
Estate Director  
Lendlease

[VIEW ALL TESTIMONIALS](#)

AS REPORTED BY

THE  
WALL STREET  
JOURNAL

REUTERS

THE COMMERCIAL  
OBSERVER

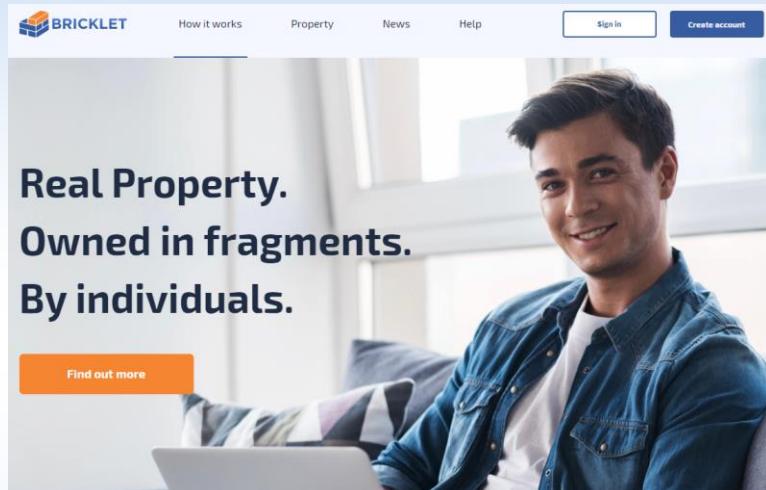
FINANCIAL REVIEW

Property  
Week

EC+

- Digital platform for commercial real estate landlords to engage, delight and improve the working lives of their tenants.
  - Provide Tenants Services
  - Online asset management for landlords
  - Gather customer insights

# Blockchain in Property



BRICKLET

How it works Property News Help Sign in Create account

Real Property.  
Owned in fragments.  
By individuals.

Find out more

Lakeba Group, NSW ,Australia

Bricklets:

- Blockchain technology to fragment land titles
- Enables small parcels of a property title
- Bricklets to be traded in the same way entire property titles are bought and sold, only incurring pro rata costs.
- Two apartments in Adelaide's tallest residential property, Kodo on Angas Street will be the world's first properties to be fragmented this way.